



MICHAEL J. MURPHY
State Treasurer

State of Washington
Office of the Treasurer

The Local Government Investment Pool (LGIP) is an optional investment tool available to political subdivisions, community and technical colleges, four-year public institutions of higher education, the State Board for Community and Technical Colleges, and the State Finance Committee in the State of Washington. The LGIP, operated by the Office of the State Treasurer, was created by the Legislature in 1986 to enable local governments to earn a competitive rate of return while maintaining the safety and liquidity of their excess funds.

During Fiscal Year 2003:

- Four new entities joined the LGIP, bringing the total participants to 420. The average balance in the LGIP portfolio over the fiscal year was \$4.9 billion.
- The Treasury Management System (TMS) continues to be a valuable resource for participants. TMS allows authorized users to initiate LGIP transactions via the Internet. The system also allows users to view and print reports, including statements of account and account ledgers.
- The LGIP has grown significantly, both in participation and portfolio size, since its inception in 1986. TMS, and the automation it provides, helps keep LGIP administrative costs at a minimum. Approximately 60 percent of daily LGIP transactions are currently initiated via TMS.
- Investment and statistical information, updated monthly, is among the useful LGIP data on the Office of the State Treasurer (OST) Website. All LGIP forms and investment publications produced by OST can also be found there. Visit the site at www.tre.wa.gov.

I am proud to report the LGIP net rate of return during Fiscal Year 2003 outperformed its benchmark by 41 basis points. The benchmark is the iMoneyNet Inc. (formerly IBC Donoghue) Government Only/Institutional Only Money Market Funds, which is comprised of privately managed money market funds similar to the LGIP. Since July 1994, LGIP participants have earned approximately \$134.27 million over what the average comparable money market funds would have generated.

On behalf of the staff at the Office of the State Treasurer, I want to thank you for your continued confidence in the LGIP. If you have questions or suggestions on how to improve our services, please call me at (360) 902-9001.

Sincerely,

MICHAEL J. MURPHY
STATE TREASURER